

UNITED STATES DEPARTMENT OF AGRICULTURE
Extension Service
Washington 25, D. C.

EXTENSION SERVICE-FCA SEMINAR

Reserve

On Wednesday, February 25, 1948, 40 leaders of the Extension Service and the Farm Credit Administration met for a 3-hour discussion of common problems and interests. This session was a follow-up of the seminar held last year.

The review made of situations and trends brought a fresh realization that the two agencies arose from the same movement, based on the same philosophy of farmer self-help, and are organized on somewhat similar decentralized plans. The cooperative Extension Service is based on shared support and administration of the educational program by Federal, State, and county sources. The Farm Credit Administration supervises a system of credit institutions that are either cooperatives themselves or serve cooperative organizations. These institutions may be owned by the farmers or by the Government or by the two jointly.

Many Extension policy decisions are reached by the State Extension offices, while similar decisions in FCA are made by district boards. An annual meeting of all these district boards has been advising the FCA central office, much as the Land-Grant College Association advises with the Extension Service.

The Situation

Extension's growing organization is putting even greater emphasis on making stronger the county extension offices which now have over 8,500 professional workers. There are farm agents in 2,990 counties, home agents in 2,325, and Negro agents, 4-H Club agents, and assistant agents accounting for the remainder. The local people have a large part in determining the extent and the nature of the county extension program carried on. The system is now reaching over 4 million farm families in all agricultural areas.

All agricultural areas are also served by FCA, which provides both long- and short-term loans through local associations that depend upon farm people for their support and are largely run by elected farmer directors. National farm-loan associations are now full owners of the Federal land banks, which have a total capital of over 250 million dollars. The associations themselves, always 100 percent farmer-owned, have a net worth of about 80 million dollars. Thirty-one production credit associations are now fully owned by the members, over 100 more are approaching that goal, and marked progress is being shown by the others, with member-stock and reserves of nearly 90 million dollars in the 504 associations. A bill now before Congress sets up a plan by which the banks for cooperatives will in time be owned by the farmers' cooperatives.

The banks for cooperatives increased their facility loans from 34 million dollars in 1946 to 67 million dollars in 1947, while their total loans to farmer cooperatives amounted to 590 million dollars. During 1947, the production credit associations lent 757 million dollars, which is 23 percent above loans for 1946, their previous record year. The Federal intermediate credit banks are now paying four times as much interest on their monthly sale of debentures as in the early 1940's. The Federal land banks lent more money - 137 million dollars - in 1947 than in any other year since 1935, but the farmer pay-offs to the system still exceeded their loans. The reduction in total volume since 1940 has been about $1\frac{1}{2}$ billion dollars.

The lending units of the FCA have been gradually taking over the support of the central office in Washington and now are paying more than 80 percent of its cost. The number of employees in the Washington Office, excluding those in the Cooperative Research and Service Division, has been reduced from 1,048 in 1940 to 354 in 1948, and similar reductions have been effected in the district offices.

New Responsibilities

Both the Extension Service and FCA have been given new responsibilities under the Research and Marketing Act. The Extension Service is charged with educational phases of the program that are developed in the new undertaking. Extension services of 31 States have already submitted projects that deal with (a) improving marketing methods, facilities, and equipment, (b) consumer education, and (c) new market area information. This research program needs data from farmers' cooperatives, and the Cooperative Research and Service Division of the FCA is conducting about all such studies for the Department. It now has work under way in seven fields, including transportation, cost of manufacturing fertilizer and handling grain, and consumer packaging.

The outlook program as conducted by the Extension Service is very important in most States. It is the fundamental basis for the work now being done in the field of public policy, in which there is increasing interest and effort. The greatest interest seems to be in policies affecting prices and production. Short-term lenders are particularly interested in the annual outlook. Mortgage lenders are especially concerned with the long look and what will result from adoption of proposed policies.

Farm and Home Problems

The impact of many forces is requiring a large number of farmers to make more or less extensive adjustments in their farming operations. Various agencies, such as Rural Electrification Administration, Agricultural Conservation Administration, Farmers' Home Administration, Soil Conservation Service, Tennessee Valley Authority, and FCA have responsibilities for helping with particular phases of the farmers' problem. The Extension Service is offering technical information in many fields, as well as economic data to aid farmers in making such changes. This covers information on forestry, conservation, farm buildings, homes, and home equipment, as well as the usual productive enterprises of the farm. Extension services in a number of States are coordinating their own educational program and helping the farmer to make the best use of his available resources and the services offered him by these agencies, by conducting farm and home planning programs.

The revised farm plan often calls for rather heavy investments in buildings, soil conservation, machinery, and livestock, which in a considerable number of cases are partially financed by a loan. The production credit associations are offering short-term credit for these purposes through their budgeted loans. This calls for planned financing of at least 1 full year's operation of the farm, including needs of the home. The longer term needs often may be obtained from the Federal land banks, some of which are making special efforts to meet farmers' financing needs related to forestry, soil conservation, and farm improvements. In the soil conservation field and sometimes in others, the need for financing may be for equipment to be used by a group, or by a contractor serving a group.

The Extension Service program calls for greatly increasing the 4-H Club membership with a goal above 3 million. It is hoped that the larger part of this increased enrollment will be in the older club ages. Beyond that, a special

program is developing for young people which is devoting much attention to the business problems met by these young people as they try to get started in farming. Efforts are being made to provide needed information on local opportunities in farming, on fair partnership agreements with parents, on just inheritance provisions, on insurance programs, and on sound use of credit. The importance of credit is indicated by the 28,000 loans for 72 million dollars that production credit associations have made to servicemen.

Credit Education

The educational program in farm credit and financing has continued the emphasis given in recent years to careful use of credit in beginning and expanding farm businesses, the continued rise in land values, and the need for getting cooperatives in a strong financial position. The Extension Service and the FCA have worked independently, jointly, and in cooperation with other agencies to better inform farmers and the personnel of institutions making agricultural loans.

The Illinois Extension Service and the Federal Land Bank of St. Louis have developed a technicolor motion picture, a set of colored slides, and a slidefilm showing a land-appraisal clinic and the facts brought out at the meeting. The five prints of the reel were booked solid during the past winter.

Local participation between county Extension offices and the FCA units in each other's programs is very cordial. Two instances illustrate this: Thirty-five out of 73 association reports dealing with public-relations work told of taking part in activities of the county extension program, and 8 specifically mentioned the county agent. A 3-county association annual meeting was attended by 2 county agents and an assistant agent.

Well attended State-wide farm-credit conferences were sponsored last year by several colleges to which all agencies providing credit to farmers were invited, including FCA, FHA, bankers, insurance people, and others. These conferences were for 1 and 2 days, and offered a wide range of agricultural information of value to the lenders. One college offered an intensive 2-week short course in farm finance. Some one-county farm credit conferences for all credit agencies also were held.

The two agencies are engaged in two other active programs at present. The Extension Service has been called on to take part in numerous State and district (made up of several counties) conferences for rural bankers in which the Federal Reserve banks have also participated. Many FCA association secretaries have been asked to discuss credit before GI training classes conducted by Vocational Agriculture.

The discussion brought out a number of educational problems on which Extension and FCA can continue to cooperate, including:

- a. The risks of going deeply into debt for land and other capital at high price levels.
- b. The sound use of credit for soil conservation, improvements to buildings and homes, and other needed adjustments.
- c. More adequate planning of the farm and home business, including how it can best be financed.
- d. The services that cooperatives can render farm families and the responsibilities resting on members.

Financing the farm and home is far more important now than 20 years ago. Many families have not learned to use credit, their major financial tool, as skillfully as they run the tractor or operate the kitchen range. The information offered by Extension Service and the loan programs of the FCA are helping many to make sound use of credit in financing their farms and homes.